USDA Foreign Agricultural Service
GAIN Report
Global Agriculture Information Network
Template Version 2.09

Required Report - public distribution

Date: 4/5/2005

GAIN Report Number: CA5016

Canada

Grain and Feed

Annual

2005

Approved by:
Gary Groves
U.S. Embassy

Prepared by:
Christina Patterson

Report Highlights:
For 2005/2006, overall grain and oilseed production is expected to decline as a result of the return to average lower yields. In western Canada seeded area is expected to shift to spring and durum wheat and away from winter wheat and barley. In eastern Canada, winter wheat acreage is forecast to decline and be offset by an increase in spring wheat and dry bean acreage. A decline in corn acreage is expected to be offset by an increase in soybeans in Ontario. High supplies of feed barley and to a lesser extent feed wheat, and the ongoing BSE crisis will continue to mitigate U.S. corn imports into western Canada. The increase in production of ethanol and the tight supply and stocks of corn in eastern Canada will continue to drive U.S. imports there.

Includes PSD Changes: No
Includes Trade Matrix: No
Unscheduled Report
Ottawa [CA1]
[CA]

Table of Contents

TOTAL WHEAT

Production

Canadian total wheat production is forecast to decline to 24.7 million metric tons (MMT) in 2005/2006, a 5 percent decrease from 2004/2005, as a result of a return to average yields and in spite of an increase in forecasted acreage seeded and harvested. Quality is expected to return to normal levels, with a larger proportion of the crop expected to grade No. 1 or No. 2 in comparison to 2004/2005, where only 30% of the total crop fell into the top two grades. Seeded acreage of Canadian hard white spring is forecast to double from 600,000 acres in 2004/2005 to 1.2 million acres in 2005/2006, as the Asian noodle market provides an attractive outlet for this class of wheat. In addition, the Canadian Wheat Board (CWB) has an identity preservation program in place for Snowbird and Kanata varieties of hard white wheat, which pays growers a premium if the wheat grades No. 3 or better.

Domestic use of wheat is forecast to decline in 2005/2006 due to less feed use of wheat and a return to more traditional feed crops such as barley and corn in the livestock sector. However, high carry-in stocks as a result of the large feed wheat crop in 2004/2005 will maintain wheat feeding at an above average level. The higher carry-in stocks will offset the decline in production, resulting in a 2 percent increase in total wheat supplies. Carry-out stocks are forecast to remain at a similar level to 2004/2005 carry-out stocks.

Trade

Imports in 2005/2006 are forecast to be 2.0 MMT, which is relatively consistent with 2003/2004 and 2004/2005 import numbers. Exports in 2005/2006 are forecast to reach 16.3 MMT, a roughly 9 percent increase from 2004/2005. The increase in exports is forecast to occur due to an assumed return to more normal levels of top-quality Canadian Western Red Spring (CWRS) supplies. Exports of CWRS to the United States will continue to be small until the 14.15 percent duty is removed. The lack of duty on the Canadian hard white spring could provide incentive for producers to search out a market in the United States. China will also be a major influence on Canadian wheat exports. The CWB recently signed a deal to export 1 MMT of milling wheat to China during the 2005/2006 crop year. Wheat production is forecast to increase in China for 2005/2006, but lack of moisture could cause potential problems for their wheat crop. In addition, consumption of wheat is also set to increase in China, thereby leaving the possibility open for exports to China to exceed the one million metric tons agreed to. Increasing EU wheat supplies, coupled with the recent decision by the EU Commission to reinstitute export subsidies could result in increased competition for Canadian wheat in certain markets.

Policy

The ongoing closure of the U.S. border to Canadian live cattle due to BSE will continue to provide needed domestic outlet for the large supply of feed wheat in Canada. The Canadian Wheat Board (CWB) will also continue to try and find markets for the large supply of lower quality wheat left over from the 2004/2005 crop year. The continuation of anti-dumping and countervailing duties on Canadian hard red spring will continue to limit exports of hard red spring wheat to the United States.

DURUM WHEAT

Production

Canadian durum wheat production for 2005/2006 is forecast to remain relatively unchanged from 2004/2005, but approximately 8 percent higher than the 10-year average. Seeded and harvested acreage is forecast to increase and yields are expected to return to more normal levels. Supplies are forecast to increase by 13 percent to 7.6 MMT in 2005/2006 as a result of higher carry-in stocks. As with non-durum wheat, the high carry-in stocks are a result of the large quantity of lower quality durum produced in 2004/2005. Carry-out stocks are forecast to increase to 3.1 MMT as an increase in forecast exports will not offset the increase in supply and the decrease in domestic consumption. On-farm stocks are also forecast to rise by almost 30 percent to 1.8 MMT.

Trade

Canadian durum exports are forecast to increase approximately 16 percent to 3.6 MMT in 2005/2006. The forecast increase in exports is a result of several factors, but is mainly driven by a decrease in production and competition from the European Union. In addition, North Africa is forecast to have a smaller durum crop in 2005/2006, which should benefit Canadian durum exports. A return to more normal quality in the durum crop should also help contribute to increased exports. Exports to the United States have increased since the removal of the preliminary duties in 2003, but they have yet to reach the export level seen prior to the imposition of the duties. Increased production in North Africa and increased competition, along with poor quality of the Canadian durum crop limited the 2004/2005 durum exports.

BARLEY

Production

Canadian barley production is forecast to decline by 8 percent to 12.2 MMT in 2005/2006 as a result of a decrease in yields and in spite of an increase in harvested acreage. Total supply of barley is forecast to increase 3 percent in 2005/2006 due to higher carry-in stocks from the 2004/2005 crop year, which will offset the decrease in production. Domestic consumption is also forecast to increase due to increased supplies of feed barley and a decline in feed wheat supplies. As stocks of feed barley remain high, livestock producers will continue to have a significant food supply at lower prices. In spite of the high carry-in stocks, increased domestic consumption and increased exports will result in a forecast decline of approximately 15 percent in barley carry-out stocks.

Trade

Canadian barley exports are forecast to increase to 2.0 MMT in 2005/2006. Strong import demand from China, and to a lesser extent the U.S., will contribute to a forecast increase in malt barley exports to 1.1 MMT in 2005/2006. Canadian feed barley exports are forecast to remain relatively low as a result of competition in the major importing markets from the EU and their reinstituted export subsidy on barley.

CORN

Production

Canadian corn production is forecast to decline slightly to 8.7 MMT in 2005/2006 due to lower yields. Seeded acreage is forecast to decline, with some corn acreage possibly switching to soybeans. Despite the decline in seeded acreage, harvested acreage is forecast to increase in comparison to 2004/2005 levels on the assumption of a return to normal weather conditions. Total supply is forecast to decline slightly, due to lower carry-in stocks and lower production. Domestic use is expected to increase in 2005/2006 as corn replaces feed wheat from western Canada in livestock operations. Increased demand by the value-added industries which use corn will also drive domestic consumption. Ending stocks are forecast to decline by 25% to 0.8 MMT in 2005/2006 as a result of strong domestic demand and lower supplies.

Trade

Corn imports are forecast to increase to 2.2 MMT as a result of lower domestic production, lower carry-in stocks and higher demand by the value-added industries, especially the biofuel industry. Expansion in the ethanol industry in southern Ontario is increasing the demand for corn, therefore corn imports from United States are also forecast to continue increasing throughout 2005/2006 and into the near future. Imports of corn from the U.S. into western Canada are expected to remain at levels similar to 2004/2005, as a result of large domestic feed supplies of feed barley and wheat, and the ongoing BSE crisis. Exports in 2005/2006 are forecast to remain roughly the same as in 2004/2005.

OATS

Production

Canadian oat production is forecast to increase to 3.9 MMT in 2005/2006 as increased area harvested more than offsets lower yields. Higher carry-in stocks and an increase in production will drive the total supply of oats up 11 percent in 2005/2006. Total domestic consumption is also forecast to increase due to higher feed and food demand. Carry-out stocks are expected to increase by 9 percent to 1.2 MMT.

Trade

Oat exports are forecast to increase by 13 percent in 2005/2006 due to a return to more normal crop quality, increased supplies and strong U.S. demand.

BEANS (DRY)

Production

Canadian dry bean production is forecast to increase in 2005/2006 due to higher trend yields and increased area harvested. Total supply is forecast to increase as higher production helps offset lower carry-in stocks. Carry-out stocks are forecast to increase marginally from 2004/2005.

Trade

Canadian dry bean exports are forecast to increase in 2005/2006 as a result of increased production and supply. Imports of dry beans are forecast to remain roughly the same as in 2004/2005.

Policy

In 2004, the World Trade Organization (WTO) ruled that Canada and seven other WTO countries could retaliate against U.S. for failure to repeal the Byrd Amendment. Canada listed a broad range of dry beans in the list of products targeted for possible retaliation by the Canadian government. Pulse Canada strenuously objected to the listing of beans due to the fact that most of the dry bean seed in western Canada comes from the U.S., and import tariffs could drive up the prices, making it uneconomical for producers to grow beans in 2005/2006. Fortunately, Canada recently released its list of products subject to retaliation tariffs, and U.S. dry beans had been removed.

PEAS (DRY)

Production

Canadian dry pea production is expected to decline in 2005/2006 due to a return to average yields. Acreage harvested is forecast to be 1.355 million hectares in 2005/2006, which is similar to the acreage harvested in 2004/2005. Total supply is forecast to decline, as higher carry-in stocks are not expected to totally offset expected declines in production. Domestic consumption is forecast to increase slightly due to stronger demand in the feed sector. Carry-out stocks are forecast to decline slightly, but will remain high relative to historical levels.

Trade

Exports of dry peas are forecast to decline slightly due to increased competition from the United States and an expected decrease in supply.

LENTILS

Production

Canadian lentil production is forecast to decline in 2005/2006 due to a decrease in area harvested and a return to average yields. Despite high carry-in stocks, overall supply is forecast to decline in 2005/2006. Carry-out stocks are forecast to increase by 23 percent in 2005/2006.

Trade

Imports and exports are both expected to decline slightly, but for the most part will remain at similar levels to 2004/2005.

CROP PRICES FROM THE CANADIAN WHEAT BOARD

2005/2006 Crop Year Pool Return Outlook (PRO)

http://www.cwb.ca/db/contracts/pool_return/pro.nsf/WebPRPub/2005_20050324.html

2004/2005 payments for the various grades of wheat and barley in $/ton

http://www.cwb.ca/en/contracts/farmer_payments/2004/tonne/index.jsp

2004/2005 payments for the various grades of wheat and barley in $/bushel

http://www.cwb.ca/en/contracts/farmer_payments/2004/bushel/index.jsp

2003/2004 payments for the various grades of wheat and barley in $/ton

http://www.cwb.ca/en/contracts/farmer_payments/2003/tonne/index.jsp

2003/2004 payments for the various grades of wheat and barley in $/bushel

http://www.cwb.ca/en/contracts/farmer_payments/2003/bushel/index.jsp

STATISTICAL TABLES

Table 1: All Wheat PSD

PSD Table

Country **Canada**

Commodity **Wheat**

					(1000 HA)	(1000 MT)	
	2003	Revised	2004	Estimate	2005	Forecast	UOM
	USDA Official	Estimate [D	A Official	Estimate [D	A Official	Estimate [New]	
Market Year Begin		08/2003		08/2004		08/2005	MM/YYYY
Area Harvested	10467	10467	9865	9862	0	10525	(1000 HA)
Beginning Stocks	5725	5725	6062	6080	7412	7800	(1000 MT)
Production	23552	23552	25850	25860	0	24700	(1000 MT)
TOTAL Mkt. Yr. Imports	229	229	200	160	0	200	(1000 MT)
Jul-Jun Imports	226	228	200	160	0	200	(1000 MT)
Jul-Jun Import U.S.	143	154	0	110	0	150	(1000 MT)
TOTAL SUPPLY	29506	29506	32112	32100	7412	32700	(1000 MT)
TOTAL Mkt. Yr. Exports	15789	15789	15500	15000	0	16300	(1000 MT)
Jul-Jun Exports	15526	15521	15500	15000	0	16200	(1000 MT)
Feed Dom. Consumption	3455	3455	5000	5000	0	4300	(1000 MT)
TOTAL Dom. Consumpti	7655	7637	9200	9300	0	8700	(1000 MT)
Ending Stocks	6062	6080	7412	7800	0	7700	(1000 MT)
TOTAL DISTRIBUTION	29506	29506	32112	32100	0	32700	(1000 MT)

Table 2: Durum Wheat PSD

PSD Table

Country **Canada**

Commodity **Wheat, Durum**

							(1000 HA)(1000 MT)
	2003	Revised	2004	Estimate	2005	Forecast	UOM
	USDA Official [	Estimate [	USDA Official [	Estimate [	USDA Official [	Estimate [New]	
Market Year Begin		01/2003		01/2004		01/2005	MM/YYYY
Area Harvested	0	2450	0	2141	0	2425	(1000 HA)
Beginning Stocks	0	1660	0	1788	0	2656	(1000 MT)
Production	0	4280	0	4967	0	4950	(1000 MT)
TOTAL Mkt. Yr. Imports	0	1	0	1	0	1	(1000 MT)
Jul-Jun Imports	0	1	0	1	0	1	(1000 MT)
Jul-Jun Import U.S.	0	1	0	1	0	1	(1000 MT)
TOTAL SUPPLY	0	5941	0	6756	0	7607	(1000 MT)
TOTAL Mkt. Yr. Exports	0	3437	0	3100	0	3600	(1000 MT)
Jul-Jun Exports	0	3292	0	3100	0	3600	(1000 MT)
Feed Dom. Consumption	0	250	0	500	0	450	(1000 MT)
TOTAL Dom. Consumpti	0	716	0	1000	0	900	(1000 MT)
Ending Stocks	0	1788	0	2656	0	3107	(1000 MT)
TOTAL DISTRIBUTION	0	5941	0	6756	0	7607	(1000 MT)

Table 3: Barley PSD

PSD Table

Country	Canada						
Commodity	Barley						
						(1000 HA)(1000 MT)	
	2003	Revised	2004	Estimate	2005	Forecast	UOM
	USDA Official [	Estimate [	USDA Official [	Estimate [	USDA Official [	Estimate [New]	
Market Year Begin		08/2003		08/2004		08/2005	MM/YYYY
Area Harvested	4446	4446	4050	4050	0	4040	(1000 HA)
Beginning Stocks	1475	1475	2106	2106	3026	3556	(1000 MT)
Production	12328	12328	13200	13200	0	12200	(1000 MT)
TOTAL Mkt. Yr. Imports	50	35	20	50	0	30	(1000 MT)
Oct-Sep Imports	50	30	20	50	0	30	(1000 MT)
Oct-Sep Import U.S.	27	30	0	45	0	25	(1000 MT)
TOTAL SUPPLY	13853	13838	15326	15356	3026	15786	(1000 MT)
TOTAL Mkt. Yr. Exports	1839	1839	1800	1300	0	2000	(1000 MT)
Oct-Sep Exports	1935	1935	1700	1200	0	1900	(1000 MT)
Feed Dom. Consumption	8508	8508	9000	9500	0	9900	(1000 MT)
TOTAL Dom. Consumpti	9908	9893	10500	10500	0	10700	(1000 MT)
Ending Stocks	2106	2106	3026	3556	0	3086	(1000 MT)
TOTAL DISTRIBUTION	13853	13838	15326	15356	0	15786	(1000 MT)

Table 4: Corn PSD

PSD Table

Country **Canada**

Commodity **Corn**

	2003	Revised	2004	Estimate	2005	Forecast	(1000 HA)(1000 MT) UOM
	USDA Official [	Estimate [N	A Official [	Estimate [	A Official [	Estimate [New]	
Market Year Begin		09/2003		09/2004		09/2005	MM/YYYY
Area Harvested	1230	1230	1075	1075	0	1130	(1000 HA)
Beginning Stocks	1111	1111	1143	1143	1293	1000	(1000 MT)
Production	9600	9600	8850	8850	0	8700	(1000 MT)
TOTAL Mkt. Yr. Imports	2039	2083	2000	2000	0	2200	(1000 MT)
Oct-Sep Imports	2039	2066	2000	2000	0	2200	(1000 MT)
Oct-Sep Import U.S.	2013	2066	0	2000	0	2200	(1000 MT)
TOTAL SUPPLY	12750	12794	11993	11993	1293	11900	(1000 MT)
TOTAL Mkt. Yr. Exports	369	372	300	200	0	200	(1000 MT)
Oct-Sep Exports	367	370	300	200	0	200	(1000 MT)
Feed Dom. Consumption	8738	8900	7700	8300	0	8350	(1000 MT)
TOTAL Dom. Consumpti	11238	11279	10400	10793	0	10900	(1000 MT)
Ending Stocks	1143	1143	1293	1000	0	800	(1000 MT)
TOTAL DISTRIBUTION	12750	12794	11993	11993	0	11900	(1000 MT)

Table 5: Oat PSD

PSD Table

Country Canada
Commodity Oats

	2003	Revised	2004	Estimate	2005	Forecast	UOM
	USDA Official	Estimate [N	A Official	Estimate [	A Official	Estimate [New]	
Market Year Begin		08/2003		08/2004		08/2005	MM/YYYY
Area Harvested	1575	1575	1315	1315	0	1540	(1000 HA)
Beginning Stocks	524	524	800	800	905	1100	(1000 MT)
Production	3691	3691	3685	3682	0	3881	(1000 MT)
TOTAL Mkt. Yr. Imports	16	19	20	20	0	15	(1000 MT)
Oct-Sep Imports	18	21	20	20	0	15	(1000 MT)
Oct-Sep Import U.S.	18	21	0	20	0	15	(1000 MT)
TOTAL SUPPLY	4231	4234	4505	4502	905	4996	(1000 MT)
TOTAL Mkt. Yr. Exports	1256	1255	1200	1200	0	1350	(1000 MT)
Oct-Sep Exports	984	984	1200	1000	0	1350	(1000 MT)
Feed Dom. Consumption	1535	1700	1750	1900	0	1950	(1000 MT)
TOTAL Dom. Consumpti	2175	2179	2400	2202	0	2446	(1000 MT)
Ending Stocks	800	800	905	1100	0	1200	(1000 MT)
TOTAL DISTRIBUTION	4231	4234	4505	4502	0	4996	(1000 MT)

Table 6: Dry Bean PSD

PSD Table

Country Canada
Commodity Beans

	2003 Revised	2004 Estimate	2005 Forecast	UOM
	(1000 HA)(1000 MT)			
	USDA Official [Estimate [N	A Official [Estimate [	A Official [Estimate [New]	
Market Year Begin	01/2003	01/2004	01/2005	MM/YYYY
Area Harvested	0 167	0 126	0 186	(1000 HA)
Beginning Stocks	0 70	0 30	0 10	(1000 MT)
Production	0 356	0 220	0 340	(1000 MT)
TOTAL Mkt. Yr. Imports	0 35	0 30	0 32	(1000 MT)
Jul-Jun Imports	0 33	0 25	0 27	(1000 MT)
Jul-Jun Import U.S.	0 28	0 20	0 22	(1000 MT)
TOTAL SUPPLY	0 461	0 280	0 382	(1000 MT)
TOTAL Mkt. Yr. Exports	0 347	0 200	0 290	(1000 MT)
Jul-Jun Exports	0 345	0 200	0 290	(1000 MT)
Feed Dom. Consumption	0 0	0 0	0 0	(1000 MT)
TOTAL Dom. Consumpti	0 84	0 70	0 75	(1000 MT)
Ending Stocks	0 30	0 10	0 17	(1000 MT)
TOTAL DISTRIBUTION	0 461	0 280	0 382	(1000 MT)

Table 7: Dry Peas PSD

PSD Table

Country **Canada**

Commodity **Peas**

	2003 Revised	2004 Estimate	2005 Forecast	UOM
	USDA Official [Estimate [N	A Official [Estimate [	A Official [Estimate [New]	
Market Year Begin	01/2003	01/2003	01/2003	MM/YYYY
Area Harvested	0 1270	0 1345	0 1355	(1000 HA)
Beginning Stocks	0 310	0 205	0 500	(1000 MT)
Production	0 2120	0 3338	0 2940	(1000 MT)
TOTAL Mkt. Yr. Imports	0 24	0 20	0 20	(1000 MT)
Jul-Jun Imports	0 24	0 20	0 20	(1000 MT)
Jul-Jun Import U.S.	0 23	0 20	0 20	(1000 MT)
TOTAL SUPPLY	0 2454	0 3563	0 3460	(1000 MT)
TOTAL Mkt. Yr. Exports	0 1317	0 2000	0 1900	(1000 MT)
Jul-Jun Exports	0 1367	0 2000	0 1900	(1000 MT)
Feed Dom. Consumption	0 0	0 0	0 0	(1000 MT)
TOTAL Dom. Consumpti	0 932	0 1063	0 1130	(1000 MT)
Ending Stocks	0 205	0 500	0 430	(1000 MT)
TOTAL DISTRIBUTION	0 2454	0 3563	0 3460	(1000 MT)

Table 8: Lentils PSD

PSD Table

Country Canada
Commodity Lentils

	2003 Revised	2004 Estimate	2005 Forecast	UOM
	USDA Official [Estimate [	USDA Official [Estimate [	USDA Official [Estimate [New]	
Market Year Begin	01/2003	01/2003	01/2003	MM/YYYY
Area Harvested	0 536	0 750	0 717	(1000 HA)
Beginning Stocks	0 55	0 38	0 130	(1000 MT)
Production	0 520	0 961	0 853	(1000 MT)
TOTAL Mkt. Yr. Imports	0 5	0 7	0 5	(1000 MT)
Jul-Jun Imports	0 6	0 6	0 5	(1000 MT)
Jul-Jun Import U.S.	0 1	0 5	0 5	(1000 MT)
TOTAL SUPPLY	0 580	0 1006	0 988	(1000 MT)
TOTAL Mkt. Yr. Exports	0 368	0 588	0 572	(1000 MT)
Jul-Jun Exports	0 374	0 588	0 572	(1000 MT)
Feed Dom. Consumption	0 0	0 0	0 0	(1000 MT)
TOTAL Dom. Consumpti	0 174	0 288	0 256	(1000 MT)
Ending Stocks	0 38	0 130	0 160	(1000 MT)
TOTAL DISTRIBUTION	0 580	0 1006	0 988	(1000 MT)

Find FAS on the World Wide Web:

Visit our headquarters' home page at http://www.fas.usda.gov for a complete listing of FAS' worldwide agricultural reporting.

Recent Reports from FAS/Ottawa:

Report Number	Title of Report	Date
CA5017	Disposal of Canada's Hopper Car Fleet	3/14/2005
CA5018	This Week in Canadian Agriculture, Issue 10	3/11/2005
CA5015	This Week in Canadian Agriculture, Issue 9	3/4/2005
CA5013	This Week in Canadian Agriculture, Issue 8	2/25/2005
CA5011	This Week in Canadian Agriculture, Issue 7	2/18/2005
CA5009	This Week in Canadian Agriculture, Issue 6	2/11/2005
CA5007	GOC Proposes Expanded Access for U.S. Cattle and Beef	2/2/2005

VISIT OUR WEBSITE: The FAS/Ottawa website is now accessible through the U.S. Embassy homepage. To view the website, log onto http://www.usembassycanada.gov; click on Embassy Ottawa offices, then Foreign Agricultural Service. The FAS/Ottawa office can be reached via e-mail at: agottawa@usda.gov